

Message Text

LIMITED OFFICIAL USE

PAGE 01 JOHANN 01397 191645Z

43

ACTION EB-07

INFO OCT-01 AF-08 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 INT-05 GSA-01 PRS-01

/058 W

----- 051515

R 191400Z AUG 76

FM AMCONSUL JOHANNESBURG

TO SECSTATE WASHDC 5009

INFO AMEMBASSY PRETORIA

AMEMBASSY MAPUTO

AMCONSUL CAPE TOWN

AMCONSUL DURBAN

LIMITED OFFICIAL USE JOHANNESBURG 1397

E.O. 11652: N/A

TAGS: EMIN SF MZ

SUBJ: VISIT OF U.S. CHROME IMPORTERS TO SOUTH AFRICA

REF: A) JOHANNESBURG 0381; B) MAPUTO 0887; C) JOHANNESBURG
0568; D) MBABANE A-009

1. DIAMOND SHAMROCK (DS) CHROME BUYERS, CARY BEGUN AND GEORGE BARBIERI, AND PITTSBURGH PLATE GLASS (PPG) REPS WILLIAM FETTER AND WILLIAM HAMMOND CALLED ON AMCONOFFS KIRBY AND SWEETWOOD DURING PAST WEEK (DS: AUG. 11; PPG: AUG. 16) TO REPORT ON CURRENT STATUS OF CHROME ORE SHIPMENTS AND OUTLOOK. RAIL MOVEMENTS, PORT OF MAPUTO DEVELOPMENTS AND NEGOTIATIONS WITH SOUTH AFRICAN RAILWAYS AND HARBORS (SARH) FOR TRANSFER OF EXPORT ORES FROM MAPUTO TO ANNALTERNATE SOUTH AFRICAN PORT (I.E. DURBAN) WERE PRINCIPAL REASONS FOR EACH FIRM'S VISIT AT THIS TIME. THE DIFFERING POSITIONS OF THE TWO COMPANIES PROVED, HOWEVER, TO BE NOTABLY REVEALING.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 JOHANN 01397 191645Z

2. WHILE DS REPS BEGUN AND BARBIERI WERE NOT IN THE GROUP THAT

CALLED AT THE CONSULATE IN MARCH (REF. A), THE NOW-FAMILIAR DS COMPANY POLICY AND PROBLEMS ONCE AGAIN CAME THROUGH CLEARLY. DS CONTINUES TO BUY SOUTH AFRICAN CHEMICAL GRADE CHROME ORE SOMEWHAT ON A HAND-TO-MOUTH BASIS. THEY REMAIN IN A CONSTANT TURMOIL AS TO SHIP LOADINGS AT MAPUTO AND U.S. DELIVERIES. CURRENTLY, THEY CLAIM THAT THEY CANNOT EXPECT THEIR NEXT MAPUTO LOADING UNTIL SEPT. 15 (THOUGH PARA. 2, REF. B, TAKES MORE OPTIMISTIC VIEW); THAT THIS NEXT SHIPMENT WILL BE ONLY A 15,000-TON LOAD (THEY HAD WANTED 50,000-TON CARRIER BUT, REPORTEDLY, SHIPPING FIRM REFUSED ON GROUNDS THAT EXCESSIVE MAPUTO WAIT TIME "NOW PRECLUDES LARGE CARRIER BOOKINGS"); AND THAT DS PLANT FACILITIES WILL FACE SHUTDOWN BEFORE THIS SHIPMENT ARRIVES IN THE U.S. -- GIVEN A NORMAL 4-WEEK ORE CARRIER TRANSIT DELAY. FURTHER, THEY ARGUE THAT FUTURE DELIVERIES THROUGH MAPUTO)ARE UNCERTAIN".

3. DURING CURRENT VISIT, DS REPS REPORTEDLY FOCUSED LARGELY ON CONTINUING QUESTION OF MAPUTO PORT "UNRELIABILITY" (POOR MAINTENANCE, INEFFICIENCIES, ETC.) AND CORRECTIVE ACTION THAT "SHOULD BE" TAKEN BY ORE SUPPLIERS (GENERAL MINING AND BARLOW RAND) AND SARH. BEGUN STATED THAT SARH GENERAL MANAGER KOBUS LOUBSER AGREED "TO CONSIDER FAVORABLY" A TRANSFER OF CHROME ORES ((DESIGNATED FOR DS) FROM MAPUTO TO DURBAN -- PROVIDING SOUTH AFRICAN ORE SUPPLIERS WOULD FORMALLY REQUEST ROUTE CHANGE ON GROUNDS OF INABILITY TO MAINTAIN EXPORT COMMITMENTS THROUGH MAPUTO. (COMMENT: WE HAVE BEEN WATCHING RAIL MOVEMENTS FROM THE TRANSVAAL CHROME ORE PRODUCING AREAS TO MAPUTO AND HAVE SEEN NO REPEAT NO EVIDENCE

RECENTLY OF RAIL CAR SHORTAGES.

WE BELIEVE SARH HAS MADE POSITIVE EFFORT TO ACCELERATE SHIPMENTS IN THAT DIRECTION -- SEE PARA. 5, BELOW -- AND ON AUG. 18 WE QUERIED DOUGLAS L. ROBERTS, ASS'T DIRECTOR, LAND DEPARTMENT, JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY ("JOHNNIES"), ON HIS COMPANY'S EXPERIENCES IN THIS REGARD. ROBERTS CONFIRMED THAT RAIL CAR AVAILABILITY HAS IMPROVED SIGNIFICANTLY DURING PAST SEVERAL MONTHS, "PARTICULARLY AS TO JOHNNIES' CHROME, PLATINUM AND COAL REQUIREMENTS". END COMMENT.)

4. WE FIND THE ABOVE INFORMATION TO BE EXTREMELY INTERESTING IN LIGHT OF SARH'S EARLIER STATED POLICY THAT, BECAUSE OF POLITICAL CONSIDERATIONS, NEITHER THEY NOR SAG (PER SE) WOULD TAKE THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 JOHANN 01397 191645Z

INITIATIVE TO DIVERT CHROME ORE SHIPMENTS AWAY FROM MAPUTO TO ANOTHER PORT. THE SARH/SAG POLICY HAS, HOWEVER, INCLUDED "CONTINGENCY" RE-ROUTING PLANS AS A REACTION MEASURE ONLY IN THE EVENT OF AN EMERGENCY. BEGUN'S CLAIM NOTWITHSTANDING, WE ARE NOT YET AWARE OF A POLICY CHANGE IN THIS REGARD -- THOUGH POSSIBLY SARH/SAG MAY NOW CONSIDER THE DS PROBLEM TO BE AN EMERGENCY OF SORTS. BEGUN HOLDS THAT A "DS EMERGENCY" EXISTS, AT LEAST, WHILE ADEQUATE FACILITIES ARE STANDING IDLE AT DURBAN

(A TIGER OATS STORAGE BIN AND LOADING TIPPLE, PARTIALLY OWNED BY A DS SUBSIDIARY). HE CONCURRENTLY CREATED A CREDIBILITY DOUBT, HOWEVER, WHILE DECLARING THE EXISTENCE OF AN EMERGENCY. EARLY IN OUR DISCUSSIONS BEGUN NOTED THAT DS HAD RECEIVED "ONLY 15 PERCENT OF ITS 1976 CHROME ORE ORDER THUS FAR" (I.E. 15,000 TONS OF A 100,000-TON CONTRACT), AND LATER ANSWERED AFFIRMATIVELY TO OUR INCIDENTAL QUERY AS TO WHETHER DS HAD RECEIVED 50,000-TON SHIPMENT SCHEDULED TO HAVE BEEN OUTLOADED FROM MAPUTO IN APRIL (PARA. 2, REF. A). IN ANY EVENT, BEGUN AGREED TO PROVIDE THIS OFFICE WITH COPY OF THE PROPOSED ORE SUPPLIER/SARH LETTER OF REQUEST, SHOULD ONE BE WRITTEN. (WE WILL REPEAT TO ADDRESSEE POSTS IF RECEIVED.).

5. PPG'S FETTER AND HAMMOND PROJECTED SAME RELAXED ATTITUDE THAT WAS EVIDENT DURING THEIR LAST VISIT, IN APRIL (REF. C). THEIR VIEWS WERE, IN EFFECT, THE OTHER SIDE OF THE CHROME ORE COIN. THEY REPORTED THAT CONDITIONS AT MAPUTO SEEM NOW TO HAVE IMPROVED. THEY ARRIVED TO LEARN THAT A 15,000-TON PPG SHIPMENT HAD DEPARTED MAPUTO DURING THE FIRST WEEK IN AUGUST (FOLLOWING A 20-DAY TURN-AROUND), AND THAT SINCE THEIR LAST VISIT SARH HAD MADE GOOD ON ITS PROMISE TO ACCELERATE ORE SHIPMENTS TO THE PORT. THEY WERE INFORMED THAT A 275,000-TON REPEAT 275,000-TON CHROME ORE STOCKPILE NOW EXISTS AT MAPUTO, AND THAT ADDITIONAL RAIL MOVEMENTS ARE "ON SCHEDULE" TO PROVIDE ADEQUATE ORE AT THE PORT PRIOR TO THE BEGINNING OF THIS YEAR'S SUMMER RAINS. (COMMENT: WE HAVE NOT YET CONFIRMED FETTER'S PORTSIDE STOCK QUANTITY CLAIM THROUGH OTHER SOURCES, BUT HE HELD SOLIDLY TO THE ABOVE-STATED VOLUME FIGURE WHEN QUESTIONED IN DEPTH AS TO VOLUME AND GRADE OF ORE. HE SAID HE HAD BEEN ASSURED THAT THIS ORE IS NOT REPEAT NOT RE-EXPORTED RHODESIAN CHROME OR SOUTH AFRICAN METALLURGICAL OR REFRACTORY GRADES. END COMMENT.)

6. WHILE PPG REPS REMAIN MILDLY CONCERNED OVER THE FUTURE OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 JOHANN 01397 191645Z

CHROME ORE EXPORTS THROUGH MAPUTO, AND THE IMPACT THAT SWAZILAND IRON ORE LOADING WILL CONTINUE TO HAVE ON (THE PORT'S SECOND PRIORITY) CHROME ORE (REF. D), THEY AGREED THAT THEIR FIRM IS UNDER NO IMPORTANT SUPPLY SHORTAGE PRESSURE AT THE MOMENT; AND THEY ARE CAUTIOUSLY OPTIMISTIC AS TO SARH'S FUTURE ABILITY TO DIVERT SHIPMENTS TO (SAY) DURBAN SHOULD THE NEED ARISE. MEANWHILE, PPG IS RUNNING WITH A U.S. CONSUMER STOCK OF ABOUT 50,000 TONS (A ONE-YEAR SUPPLY); THEY HAVE THE ABOVE-DESCRIBED SINGLE 15,000-TON LOAD ENROUTE; AND ANTICIPATE THEIR NEXT MAPUTO LOADING (15,000 TONS) DURING THE LAST WEEK IN SEPTEMBER. THEY ALSO CONTINUE TO PLAN ON INCREASING THEIR OWN U.S. (CONSUMER) STOCKS TO A TWO-YEAR SUPPLY AS AND WHEN MAPUTO LOADINGS AND AVAILABLE CARRIERS WILL PERMIT (REF. C).
JOHNSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORTS, TRADE VISITS, CHROMIUM, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976JOHANN01397
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760318-0679
From: JOHANNESBURG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760839/aaaabhpr.tel
Line Count: 168
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 JOHANNESBURG 381, 76 MAPUTO 887
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 25 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 JUN 2004 by CunninFX>; APPROVED <28 JUN 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VISIT OF U.S. CHROME IMPORTERS TO SOUTH AFRICA
TAGS: EMIN, SF, MZ, US, DIAMOND SHAMROCK, PITTSBURGH PLATE GLASS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006